

Canadian Cottons

Limited

MONTREAL, CANADA

TWENTY-SECOND ANNUAL REPORT

FOR YEAR ENDED MARCH 31ST, 1932

PRESENTED TO THE SHAREHOLDERS
AT THE ANNUAL MEETING OF THE COMPANY
HELD AT MONTREAL, MAY, 19TH, 1932

PURVIS HALL
LIBRARIES

DEC 21 1945

MCGILL UNIVERSITY

Canadian Cottons, Limited

Operating

ONTARIO MILL, HAMILTON, ONT.

STORMONT MILL, CORNWALL, ONT.

DUNDAS MILL, CORNWALL, ONT.

CANADA MILL, CORNWALL, ONT.

ST. CROIX MILL, MILLTOWN, N.B.

GIBSON MILL, MARYSVILLE, N.B.

Subsidiary

CORNWALL AND YORK COTTON MILLS COMPANY, LIMITED
SAINT JOHN, N.B.

Operating

CORNWALL MILL

YORK MILL

OFFICERS

A. O. DAWSON, LL.D.	<i>President and Man. Director</i>
HON. F. L. BEIQUE, K.C.	<i>Vice-President.</i>
R. G. TOLMIE	<i>General Manager</i>
HUGH M. WATSON	<i>Secretary</i>
K. L. HAMILTON	<i>Treasurer</i>

DIRECTORS

SIR H. MONTAGU ALLAN, C.V.O.
HON. F. L. BEIQUE, K.C.
W. A. BLACK
GEORGE CAVERHILL
A. O. DAWSON, LL.D.
W. J. MORRICE

THE TWENTY-SECOND ANNUAL REPORT
OF THE DIRECTORS OF CANADIAN
COTTONS LIMITED, AS PRESENTED TO
THE SHAREHOLDERS AT THE ANNUAL
MEETING OF THE COMPANY HELD AT
MONTREAL, MAY 19TH, 1932.

*To the Shareholders of
Canadian Cottons, Limited.*

YOUR Directors have pleasure in presenting the Twenty-Second Annual Report of the Company, showing the result of its operations for the fiscal year ended March 31st, 1932, together with Balance Sheet and Profit and Loss Account for the period named.

Sales for the year amounted to \$6,541,000.55, compared with \$6,431,171.63, an increase over the previous year of \$109,828.92, or about $1\frac{3}{4}\%$.

The production during the year 1931/32 was 1,300,000 yards in excess of 1930/31, which enabled your plants to operate 60% of capacity.

At the end of the 1930/31 fiscal year spot cotton closed at 10.70c per lb., while on March 31st, 1932, spot cotton closed at 6.20c per lb., showing a reduction of $4\frac{1}{2}$ c per lb. This meant that goods had to be sold and inventories taken at this lower basis, resulting in a tangible loss that was not anticipated, seeing that cotton had been selling lower than for many years.

Prevailing prices must be showing a very serious loss to the growers.

The Profits of the Company were also lessened by the Canadian dollar having suffered a serious discount as compared with the American dollar. Not only had American funds to be provided against purchases of raw cotton, dyestuffs, mill supplies, machinery, etc., but several thousands of dollars were lost through the necessity of paying Bond Interest in American funds.

The chief loss, however, that your Company suffered during the year resulted from Britain going off the Gold Standard. The reduction in the value of the pound sterling enabled English mills to lay down goods in Canada at prices that your Company found it quite impossible to meet. It is hoped that legislation will in due course be enacted to prevent the transfer, resulting from the reduced value of the pound, of much-needed work from Canadian textile operatives to textile operatives overseas. Had the value of the pound been maintained, your mills, as well as all other Canadian textile mills, could have furnished employment to a much larger group of workers than was possible under the circumstances.

The results of the operating of the mills of the Company showed a loss for the year of \$43,651.32, before making any provision for dividends, which surely shows that there is no room for criticism by the consuming public in regard to the prices they are called upon to pay for such goods as your mills provide.

It is unfortunate that the surplus had to be again drawn on to the extent of \$94,280.17, to enable the Company to pay its Preferred dividends.

In accordance with the usual policy of your Directors, substantial sums have been expended on new equipment, and the several plants of the Company have been maintained in a high state of efficiency, your Directors believing that only this is the survival of the industry possible.

World conditions being still in a state of flux, it is quite impossible to give a forecast of business conditions for the year 1932/33.

The financial position of your Company would indicate ability to take advantage of any improvement that may be manifest in the general situation during the coming years.

The working capital shows a decrease of about \$100,000.00, which is accounted for by the purchase during the year, at a favorable price, of a block of the Company's Bonds.

Your Directors wish to record their appreciation of the loyal service of the Officers and Employees of the Company throughout a very difficult period.

The Books and Accounts of the Company have been duly audited and the Auditor's Report is submitted herewith.

Respectfully submitted,

A. O. DAWSON,

President.

Montreal, May 19th, 1932.

Canadian Cottons, Limited

MANUFACTURING AND PROFIT AND LOSS STATEMENT

FOR YEAR ENDED MARCH, 31ST 1932

Net Sales for the Year.....	\$6,541,000.55
-----------------------------	----------------

DEDUCT:

Cost of Manufacturing, Raw Material, Marketing of Products, Administration, Repairs, Replacements, Maintenance, Depreciation and Provision for Govern- ment Taxes to date.....	6,420,389.26
--	--------------

Net Manufacturing Profit.....	\$ 120,611.29
-------------------------------	---------------

Add: Interest and Income from Securities and Investments.....	169,061.15
--	------------

	<u>\$ 289,672.44</u>
--	----------------------

DEDUCT:

Bad Debts.....	\$ 31,796.72
----------------	--------------

Bond Interest (on net amount of Bonds out- standing in hands of pub- lic).....	132,465.89
---	------------

	<u>164,262.61</u>
--	-------------------

Net Profit.....	125,409.83
-----------------	------------

Dividends on Preferred Shares.....	219,690.00
------------------------------------	------------

Deficit for the year.....	94,280.17
---------------------------	-----------

Balance at Credit March 31st, 1931.....	2,114,480.22
---	--------------

Surplus—March 31st, 1932.....	<u>\$2,020,200.05</u>
-------------------------------	-----------------------

Canadian Co

GENERAL

YEAR ENDE

ASSETS

Cash	\$ 72,700.04	
Open Accounts and Bills Receivable (Net Cash Basis)		
Call Loans and Government Bonds	2,301,292.12	
		\$ 2,373,992.16
Investment Bonds and Shares		1,863,411.09

INVENTORY OF

Raw Cotton	\$ 118,903.75	
Cloth, Process and Yarn ..	1,379,137.71	
Supplies	206,057.86	
Insurance Unearned	45,000.00	
		1,749,099.32
Total Current Assets		\$5,986,502.57
Canadian Cottons Bonds in Treasury and for Sinking Fund (at Cost)		1,387,119.71
Shares in Subsidiary Companies		101,239.02

CAPITAL ASSETS

Mills, Plant, Properties, etc.	10,132,261.31
	<u>\$17,607,122.61</u>

NOTE—

Depreciation in Market Value of Investments is fully provided for.

Montreal, April 25th, 1932.

Audited and verified, C. W. BAKER (of Baker, Birnie & Co.,
Chartered Accountants)

ons, Limited

STATEMENT

MARCH, 31ST 1932

LIABILITIES

Open Accounts—including		
Tax Reserves.....	\$1,013,860.06	
Bond Interest and Divi-		
dends Accrued.....	89,922.50	
Total Current Liabilities		\$ 1,103,782.56
<u>BONDS</u> —5% due 1940....	\$5,000,000.00	
Less: Redeemed.....	1,093,860.00	
		3,906,140.00

RESERVES

Depreciation.....	\$3,500,000.00	
Bad Debts.....	100,000.00	
Special Replacements....	600,000.00	
		4,200,000.00

CAPITAL

Preferred Authorized....	\$4,500,000.00	
Issued.....		3,661,500.00
Common Authorized....	3,500,000.00	
Issued.....		2,715,500.00

SURPLUS at credit of

Profit and Loss Account.....	2,020,200.05	
		<u>\$17,607,122.61</u>

APPROVED:

A. O. DAWSON }
F. L. BEIQUE } *Directors*

HUGH M. WATSON,
Secretary

*To the Shareholders,
Canadian Cottons, Limited.*

I have examined the Books and Accounts of Canadian Cottons, Limited, for the year ended March 31st, 1932.

I have obtained all the information and explanations required, and now certify that, in my opinion, the foregoing statements and balance sheet, based upon the certified inventories presented, are properly drawn up so as to exhibit a true and correct view of the year's operations and of the state of the Company's affairs at its close, according to the best of my information and the explanations given to me and as shown by the books of the Company.

C. W. BAKER,
(of Baker, Birnie & Co., Chartered Accountants.)

Montreal, Que., April 25th, 1932.

Canadian Cottons, Limited

Manufacture

DENIMS	COTTON TWEEDS
COTTONADES	COTTON SUITINGS
CASSIMERES	PANTINGS
AUTOMOBILE FABRICS	TICKINGS
AWNING FABRICS	
SHIRTINGS	NURSES CLOTHS
GALATEAS	RIPPLETTES
DRESS GINGHAMS	ARTIFICIAL SILK FABRICS
CHAMBRAYS	DRESS GOODS
APRON GINGHAMS	
FLANNELS	COLOURED FLANNELETTES
BLEACHED FLANNELETTES	NAPPED DOMETS
NAPPED SHAKERS	EIDERDOWNS
TIE LININGS	SILENCE CLOTHS
NAPPED SHEETINGS	

COTTON BLANKETS

YARNS—UNBLEACHED, BLEACHED AND COLOURED
HOSIERY YARNS
WARP YARNS

EXCLUSIVE SPINNING RIGHTS IN CANADA FOR
VISTRA FIBRE — SASE YARNS.

